

the part of some foreign powers, and has been characterized with more of harshness than of justice. If compensations were to be instituted, it would not be altogether so recent repeated instances in the history of States, and communities, far less offending and more defenceless, than Greytown, have been chastised with much greater severity, and where not cities only have been laid in ruins, but human life has been recklessly sacrificed, and the blood of innocent made profusely to mingle with the blood of the guilty.

Passing from foreign to domestic affairs, your attention is naturally directed to the financial condition of the country, and to the exact information regarding the finances, and the various branches of the public service connected therewith, I refer you to the report of the Secretary of the Treasury, from which I have taken the following amount of revenue during the last fiscal year, from all sources, was seventy-three million five hundred and forty-nine thousand seven hundred and fifty-two dollars and thirty cents. The public debt for the period, exclusive of payments on account of the public debt, amounted to fifty-one million eighteen thousand dollars and thirty cents. The amount of the public debt, during the period, the payments made in redemption of the public debt, including interest and premium, amounted to twenty-four million three hundred and eighty-six thousand and six hundred and thirty cents. To the sum total of the receipts of that year is to be added a balance remaining in the treasury at the commencement of the year, to wit: one hundred and eighty-eight thousand and ninety-two dollars, and at the close of the same year, a corresponding balance of thirty-seven thousand nine hundred and sixty-seven dollars of receipts above expenditures, also remained in the treasury. Inasmuch as the receipts of the preceding fiscal year, the receipts of the current fiscal year are not likely to equal in amount those of the last, yet they will undoubtedly exceed the amount of expenditures by at least one hundred and fifty thousand dollars, and therefore, continue to direct that the surplus revenue be applied, so far as it can be judiciously and economically applied, to the reduction of the public debt, the amount of which, at the commencement of the last fiscal year, was sixty-seven million three hundred and forty thousand six hundred and twenty-eight dollars—being the sum of the principal of the public debt, on the 1st of October, 1854, the sum of twenty-two million three hundred and sixty-five thousand one hundred and seventy-two dollars—leaving a balance of confiding public debt of twenty-two million three hundred and fifty-five thousand four hundred and fifty-six dollars, redeemable at different periods within the next fourteen years. There are also a number of other public debts, the stock most of which are already due, and on which the interest has ceased, but which have not yet been presented for payment, amounting to one hundred and thirty thousand and six hundred and seventy-nine dollars. This statement exhibits the fact, that the annual income of the government greatly exceeds its annual expenditures, and that the public debt remains unpaid only because the time of payment has not yet matured, and it cannot be discharged at once, except at the option of public creditors, who prefer to retain their money in the hands of the government, and it is not less striking, that the annual revenue from all sources exceeds, by many millions of dollars, the amount needed for the prudent and economical administration of the Government.

The estimates presented to Congress from the different executive departments, at the last session, amounted to a total of one hundred and thirty-one millions, one hundred and eighty-one dollars; and the appropriations made, to the sum of fifty-eighty million one hundred and thirty-one thousand and six hundred and thirty dollars. Of this excess of appropriations over estimates, however, more than twenty million was applicable to extraordinary objects, having no reference to the usual business of the Government. The balance embraced ten millions to meet the third article of the treaty between the United States and Great Britain, and the balance of the ordinary expenditure, the appropriations were limited to considerably less than forty millions of dollars. I therefore renew my recommendation for a reduction of the duties on imports, and for a reduction of the expenditures. I present a series of tables, showing the operation of the revenue system for several successive years, and as the tables show, the revenue has been steadily increasing, and the revenue and not protection may be regarded as the settled policy of the country. I trust that little difficulty will be encountered in settling the details of a measure so important as that effect.

In connection with this subject, I recommend a change in the laws, which recent experience has shown to be essential, for the purpose of securing a more complete and express provision of law requiring the records and papers of a public character, of the several officers of the Government, to be deposited in the Treasury. In the successors, nor any provision declaring it felony on their part to make false entries in the books, or return false accounts. In the absence of such express provision by law, the officers of the Government have been allowed and exercised the right to take into their own possession, important books and papers, on the ground that they were necessary to the management of their offices, beyond the reach of the government. Conduct of this character, brought in several instances to the notice of the present Secretary of the Treasury, naturally created a strong suspicion of fraud, and has been a source of embarrassment and delay at four ports, namely, Oswego, Toledo, Sandusky and Milwaukee, the treasury had, by false entries, been defrauded of the sum of one hundred and ninety-eight thousand dollars. The great difficulty with which the department has been laboring, has been the want of a system of the abstraction of books and papers by the retiring officers, and the facility with which similar frauds in the public service may be perpetuated, render the necessity of a law of this kind, very clearly and fully referred to, quite obvious. For other material modifications of the revenue laws which seem to be desirable, I refer to the report of the Secretary of the Treasury. That report, and the tables which accompany it, furnish ample proofs of the solid foundation on which the financial security of the country rests, and of the salutary influence of the present revenue system upon commerce and all monetary operations.

The experience of the last year furnishes additional evidence of the wisdom of the recommendation heretofore made, to provide for increasing the military force employed in the territory inhabited by the Indians. The army has suffered much from the incursions of predatory bands, and large parties of emigrants to our Pacific possessions have been massacred with impunity. By retaining these wild tribes the power, and their responsibility to the United States. From the garrisons of our frontier posts, the army has been unable to protect the emigrants and though there have on all occasions displayed a gallantry and a stern devotion to duty, which on a larger scale would have been more conspicuous, they have usually suffered severely in these conflicts with superior numbers, and have sometimes been entirely sacrificed. All the disposable force of the army is already employed in the protection of the settlements, and is inadequate to the protection which should be afforded. The public mind of the country has been recently shocked by the massacre of the *Wichita* Indians, and the emigrants and border settlements, and hardly less by the unnecessary destruction of valuable lives, where adequate protection could be secured. The same fearful incidents would be repeated, without the increase of the military force, these scenes will be repeated, it is to be feared, on a larger scale, and with more disastrous consequences. The Government has a right to demand that the duties and responsibilities of government are involved in this question, and I doubt not that prompt action may be confidently expected when duty must be attended to by a successful issue.

The last of the last session, proving for an increase of the pay of the rank and file of the army, has been introduced into the House of Representatives, and it is, at obvious improvement in the class of men who enter the service. I regret that corresponding consideration was not given to the question of the pay of the officers, their rations and services, and the expenses to which they are necessarily subject, receive at present what is, in my judgment, inadequate compensation. The constantly rendered by the Army, and its inestimable importance as the nucleus around which the volunteer forces of the nation can be raised, and the wisdom of the Government in maintaining the wisdom of maintaining a military peace establishment; but the theory of our system and the wise practice now in vogue, require that the military force of peace be only commensurate with our extended limits and frontier relations. While scrupulously adhering to this principle, I find that the maintenance of our military force, and it is believed that four new regiments, two of infantry and two of mounted men, will be sufficient to fully to weigh the cost in a case of such urgency, it should be shown that the additional expense would be comparatively light.

should, in its organic arrangement and administration. The second principle is that the system should be equally directed to special objects and interests; and the laws regulating rank and command, having been adopted many years ago from the British code, are now, in many ways, antiquated and unsuited to the present state of affairs. Therefore, that the system should be deficient in the symmetry and simplicity essential to the harmonious working of its several parts.

The organization, by maintaining large staff corps or departments, separates many officers from the close connection with troops, and those active duties in the field which are necessary to the efficient discharge of the varied responsibilities of high command. Were the duties of the army staff mainly discharged by officers detached from their regiments, the system of promotion, the discipline and instruction of the army be improved. While due regard to the security of the right of officers, and the maintenance of the esprit de corps, are to be observed among them, would seem to exact compliance with the established rule of promotion in ordinary cases, still it can hardly be denied that the range of promotion by seniority is too limited. It is not possible for the services of general officers, might be somewhat extended with respect to the public service. Overance of the rule of seniority in the promotion of officers who, after meritorious and even distinguished service, may have been rendered by age or infirmity incapable of performing active duty, and whose talents and energy are thus wasted, is a serious deficiency of the army. Suitable provision for this class of officers, by the creation of a retired list, would remedy the evil, without doing injury to the principle of promotion. The army has established a claim to higher promotion. In again commending this measure to the favorable consideration of Congress, I would suggest that the measure should be limited to a term of years, should be tested, and if, after the lapse of years, there should be occasion for any improvements, provision, might be made for such improvements. The experience may indicate. The present organization of the artillery into regiments is liable to obvious objections. The service of artillery officers is not so diversified as that of batteries into a corps of artillery would be more consistent with the nature of their duties. A large part of the troops now called artillery are, have the character of dragoon, and are not so well adapted to service as the two arms being merely nominal. This nominal artillery in our service is entirely disproportionate to the force, and greater than the wants of the service demand. The demand for the continuance of a distinction which has no foundation in either the arms used or the character of the service expected to be performed, in connection with the proposition for the reorganization of the army.